



**CALIFORNIA BOARD OF ACCOUNTANCY**

2000 EVERGREEN STREET, SUITE 250

SACRAMENTO, CA 95815-3832

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WEB ADDRESS: <http://www.dca.ca.gov/cba>



# **Special Notice to Licensees & Interested Parties Regarding:**

**Letter from Board President Renata Sos,  
including an Overview of  
Accountancy Act changes  
effective January 1, 2005**

*January 2005*

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January 2005

Dear Licensees and Other Interested Parties:

I am writing to you as the newly-elected President of the California Board of Accountancy. As we enter this new year, I would like to give you an overview of the Board's activities in 2004 as well as to communicate some of our 2005 initiatives. We accomplished a lot in 2004, and there is much more to do in the coming year. A great deal of that work has already begun due to the strong leadership and diligence of the Board's immediate past President Ian Thomas. On behalf of the Board, I want to thank Ian for his dedication and outstanding service. We are grateful for his many contributions and tireless efforts during his tenure.

A number of new laws covering the Board, its licensees, and its applicants are now in effect as a result of legislation passed during the 2004 legislative session and signed by the Governor. An "Important Notice" summarizing 2004 amendments to the California Accountancy Act is on page 3, including details regarding an upcoming regulation hearing pertaining to cross-border practice by out-of-state CPAs. You are urged to read this information so that you will be aware of the new provisions that affect this Board as well as existing and prospective licensees.

In addition, after many years of planning, 2004 saw the rollout of the first computerized Uniform CPA Examination. We successfully implemented three testing windows: April — May 2004, July — August 2004, and October — November 2004. We are now in the midst of the latest window in which the examination will be available through February 2005. Throughout 2005 and beyond, exam candidates will have four testing windows from which to choose.

In the past year, the Board also addressed the key issues of cross-border practice and peer review, initiatives which will continue in 2005 with the work of the Practice Privilege Task Force and the Peer Review Task Force. Outsourcing issues, specifically the maintenance of confidential and private client information, continue to command the Board's attention. In that regard, the Board recently approved amendments to Regulation Section 54.1 that governs the disclosure of confidential client information. Please see the discussion of Business and Professions Code Section 5063.3 in the Notice on page 3 for details on this important regulation.

We constantly seek more effective means to communicate with you. Toward that end, we update and improve our Web site on a weekly, and even sometimes daily basis, to bring you the most current information. With an average of 50,000 requests monthly, our license-lookup feature — used to verify licenses, check for disciplinary actions, and further provide the consumer with guidance to make informed decisions — continues to be the most accessed feature of our site, followed by requests for examination and licensing information. For the latest information, please check our site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba) for “What’s New,” the Board’s calendar, and the major areas pertaining to consumers, licensees, and applicants.

With so many important issues and initiatives before us, I look forward to the coming year’s opportunities and challenges and to working with my colleagues to further this Board’s mission of protecting California consumers. On behalf of the Board, I extend my best wishes to you and your family for a happy and joyous new year.

Sincerely,

A handwritten signature in black ink, appearing to read "Renata M. Sos". The signature is fluid and cursive, with the first name "Renata" being more prominent and the last name "Sos" following in a similar style.

Renata M. Sos  
President

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## **IMPORTANT NOTICE TO ALL LICENSEES AND OTHER INTERESTED PARTIES**

January 2005

New laws for the Board, its licensees, and its applicants are now in effect as a result of legislation signed into law during the 2004 legislative session.

All 2004 amendments to the California Accountancy Act are currently in effect. To assist you in identifying the provisions that affect your practice, this Notice provides a partial, limited summary of the new laws. This Notice also is available on the Board's Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba). The online version of this Notice provides links to the full text of the new laws. You must not rely on this limited summary to determine compliance requirements.

In addition, new laws governing cross-border practice by out-of-state CPAs were enacted and will become operative in 2006. The Board is in the process of developing implementing regulations. A regulation hearing notice outlining the text of the proposed regulations will be sent to all licensees and interested parties in a separate mailing later in 2005.

The most significant law changes were contained in **Senate Bill 1543 by Senator Liz Figueroa** (Chapter 921), as follows:

- Amended **Section 5000** of the Accountancy Act to extend the Board's sunset date so provisions creating the Board will remain in operation until July 1, 2011.
- Added two new sections to the Accountancy Act (**Sections 5025.2 and 5025.3**) to give the Board's Enforcement Division more budgeting and contracting flexibility.
- Added **Section 5063.3** to the Accountancy Act related to confidential client information. Section 5063.3 provides that, in the event confidential client information may be disclosed to persons or entities outside of the United States, the licensee must inform the client in writing and obtain the client's written permission. This section also prohibits the disclosure of confidential client information without the client's written permission. While this section provides for narrow exceptions to this prohibition, it also authorizes the Board to add exceptions through the rulemaking process. A case in point is that the Board has proposed an amendment to Board Regulation Section 54.1 to permit an exception for disclosures

made at the direct request of the client to a person or entity that is designated by the client at the time of the request.

- Amended **Section 5076** to postpone the commencement of mandatory peer review until July 1, 2008. Section 5076 also mandates that the Board study whether to implement mandatory peer review and report to the Legislature by September 1, 2005.
- Added Article 5.1 to the Accountancy Act (**Sections 5096 – 5096.11**) to establish practice privileges for out-of-state CPAs seeking to practice in California and amended **Section 5134** to provide for a fee for the practice privilege.
  - ✓ The practice privilege provisions will go into effect on January 1, 2006, and will become inoperative on July 1, 2011, unless new legislation extends that date.
  - ✓ These law changes will facilitate cross-border practice by providing a process under which a qualified out-of-state CPA — who otherwise would not be required to obtain a California license — may temporarily practice in California under a “practice privilege” that is fully under the regulatory umbrella of the Board.
  - ✓ Under the practice privilege provisions, out-of-state CPAs are required to notify the Board that they are practicing in California, swear under penalty of perjury they are qualified to do so, and agree to follow California law and be subject to the full force of the Board’s enforcement and disciplinary powers.
  - ✓ A practice privilege expires in one year, and the required fee is one-half the license renewal fee.
  - ✓ For consumer protection, these new laws provide for administrative suspension of a practice privilege so that the Board can take immediate action against a practice privilege holder who runs afoul of the practice privilege requirements.
  - ✓ The Board now is in the process of developing implementing regulations with a public hearing tentatively scheduled for May 2005.
- Made conforming changes to other laws for consistency with the Practice Privilege provisions (**amendments to Sections 5050, 5088, 5100, 5109, and 5134**).
  - ✓ Amendments make the temporary practice provision currently in Section 5050 inoperative, effective January 1, 2006. After that date, a California license or a California practice privilege will be needed to practice in California.
  - ✓ Amendments to Section 5088 will require an out-of-state CPA applying for a California license on or after January 1, 2006, to obtain a practice privilege in order to practice while the licensure application is pending.

- ✓ Amendments to Section 5100 make it cause for discipline for a California licensee to violate another state's cross-border practice laws and practice illegally in another state.
- Added Article 6.5 to the Accountancy Act (**Sections 5116 – 5116.6**) to give the Board additional fining authority in disciplinary matters.
  - ✓ These fines would be in addition to any other discipline or sanction imposed by the Board and would be assessed based on the extent of consumer harm, severity of the violation, the role of the person in the violation, the ability to pay, and other criteria established by Board regulations.
  - ✓ Article 6.5 provides for a two-tiered fining structure. The first tier provides for fines up to \$5,000 for the first violation and up to \$10,000 for subsequent violations. These fines can be imposed on individuals or firms for any violation of the Accountancy Act. The second tier provides for significantly larger fines for violations such as criminal convictions, fraud, gross negligence, fiscal dishonesty, and embezzlement. For these violations, individuals can be fined up to \$50,000 for the first violation and up to \$100,000 for repeated violations. Firms can be fined up to \$1 million for the first violation and up to \$5 million for subsequent violations.

In addition, three other bills of significant interest were enacted in 2004 that affect the Board, licensees, and applicants:

- **Assembly Bill 2150 by Assembly Member Lloyd Levine** (Chapter 583): AB 2150 amended **Section 5107** of the Accountancy Act to permit the Board to request cost recovery in disciplinary matters involving any violation of the Accountancy Act. Cost recovery allows monetary support of the Board's Enforcement Division to more equitably be funded through dollars recovered from those who have violated the law rather than solely from fees of licensees who practice in compliance with the statutes. This law change makes the Board's cost recovery statute consistent with cost recovery laws that apply to most other California licensing boards.
- **Senate Bill 136 by Senator Liz Figueroa** (Chapter 909): SB 136 amended Accountancy Act **Sections 5081.1, 5082.2, 5083, 5084, 5090, 5092, and 5093** to extend the deadlines related to "Pathway 0" applicants for licensure. Pathway 0 licensing requirements were in effect prior to 2002. When the laws creating "Pathway 1" and "Pathway 2" (Sections 5090, 5092 and 5093) were enacted in 2001, applicants who had begun the exam process were allowed to complete the exam and seek licensure under the old requirements, with a licensure application deadline of December 31, 2005. That deadline now has been extended to December 31, 2009. Also, these applicants now have the option to transition to the new requirements (Pathway 1 or Pathway 2) by demonstrating qualifying education at the time they apply for licensure.

- **Senate Bill 1262 by Senator Byron Sher** (Chapter 919): SB 1262 changed the laws related to the regulation of charitable trusts. Amendments to [Government Code Section 12586](#) added new requirements for audits of charitable trusts. Questions regarding these amendments should be directed to the California Registry of Charitable Trusts in the Office of the Attorney General. Detailed information on this legislation is also available on the Registry's Web site at [www.caag.state.ca.us/charities](http://www.caag.state.ca.us/charities).

Again, the text of all amendments to the California Accountancy Act is available on the Board's Website at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba) under Codes and Regulations.

A licensee who has concerns regarding the application of these new laws to his or her professional practice may wish to seek guidance from private legal counsel. The Board is not in a position to provide licensees with legal advice.

# ADDRESS CHANGE FORM

A separate address change form must be submitted for each license type.

PLEASE PRINT

## Name of Applicant for Licensure

|      |       |        |
|------|-------|--------|
|      |       |        |
| Last | First | Middle |

## Name of Licensee

Individual (CPA/PA) - License No. \_\_\_\_\_

|      |       |        |
|------|-------|--------|
|      |       |        |
| Last | First | Middle |

## Name of Firm

☐ Corporation ☐ Partnership ☐ Fictitious Name License No. \_\_\_\_\_

|           |
|-----------|
|           |
| Firm Name |

## NEW Address of Record (An Address of Record is Required)

☐ Home ☐ Business (check one)

Be advised that if you are a licensed CPA/PA or firm, your address of record is public information, and all Board correspondence will be sent to this address.

|  |
|--|
|  |
|--|

Business Name (if different from name above)

|  |  |
|--|--|
|  |  |
|--|--|

Street

☐ Apt. # ☐ Suite # (check one)

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

City

State

Zip

## Former Address of Record

Street

☐ Apt. # ☐ Suite # (check one)

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

City

State

Zip

## Alternate Address for Mail Drops and PO Boxes

If your address of record is a PO Box or Mail Drop, you are required to provide a street address. This address will not be posted on the Board's Web License Lookup.

|  |  |
|--|--|
|  |  |
|--|--|

Street

☐ Home ☐ Business (check one)

☐ Apt. # ☐ Suite # (check one)

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

City

State

Zip

## Daytime Phone Number

Area Code

You may confirm your change of address on license lookup at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba).

I certify the truth and accuracy of all of these statements and representations.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Print your name \_\_\_\_\_

A licensee who fails to notify the California Board of Accountancy within 30 days of a change of address of record may be subject to citation and fine (fines ranging from \$100-\$1000) under the California Code of Regulations, Title 16, Division 1, Sections 3 and 95.2.

The Board maintains a list of all licensees. This list is sold to requestors for mailing list purposes. Check here only if you do not want your name included on this list. Please Note: Your name and address of record is public information and can be accessed through our Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba).

**Mail to:** California Board of Accountancy, 2000 Evergreen Street, Suite 250, Sacramento, CA 95815-3832  
or **FAX to:** (916) 263-3675



## California Board of Accountancy Directory

**Board Office (Main Number)** ..... (916) 263-3680  
**Board Office Facsimile** ..... (916) 263-3675  
**License Status Check** ..... (916) 263-3680  
..... [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba)  
**General Examination Questions** ..... [examinfo@cba.ca.gov](mailto:examinfo@cba.ca.gov)  
..... (916) 561-1703  
..... Facsimile (916) 263-3677 or (916) 614-3253  
**Enforcement Information and Questions** ..... [enforcementinfo@cba.ca.gov](mailto:enforcementinfo@cba.ca.gov)  
..... (916) 561-1729  
..... Facsimile (916) 263-3673  
**Certifications** ..... (916) 561-1701  
**Initial Licensing — Individual:** ..... [licensinginfo@cba.ca.gov](mailto:licensinginfo@cba.ca.gov)  
..... [fingerprinting@cba.ca.gov](mailto:fingerprinting@cba.ca.gov)  
..... (916) 561-1701  
..... Facsimile (916) 263-3676  
**Initial Licensing — Partnerships, Corporations, Fictitious Names:**  
..... [firminfo@cba.ca.gov](mailto:firminfo@cba.ca.gov)  
..... (916) 561-1701  
..... Facsimile (916) 263-3676  
**Renewal for CPA/PA, Partnerships, Corporations, Continuing Education:**  
..... [renewalinfo@cba.ca.gov](mailto:renewalinfo@cba.ca.gov)  
..... (916) 561-1702  
..... Facsimile (916) 263-3672  
**Web Site Address** ..... [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba)  
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